



City of Burton

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May 23, 2018

The Honorable Lee Chatfield,
State Representative and Chair,
The House Michigan Competitiveness Committee
State Capitol,
Lansing, MI 48933

Dear Chairman Chatfield:

While I am unable to attend today's hearing, thank you for this opportunity to submit written comments in support of House Bill (HB) 5723, legislation creating the Open Procurement Act. It is my hope that by sharing my experience as Mayor of the City of Burton, you and your colleagues will better understand why there is a need for this legislation.

First, I want to emphasize, as a Mayor, a former City Council Member, and former State Legislator, the need to protect local control is paramount. I would not support legislation that usurped my ability to do what is right for our city. To the contrary, because our state lacks an Open Procurement Policy such as that proposed in HB 5723, communities like Burton are confronted with decades-old ordinances that limit the control and decision-making of local officials in finding the best solution to their water infrastructure problems.

Our story:

The City of Burton is the 2nd largest city in Genesee County at 23.5 square miles, with a population of 30,000. At the depth of the great recession, our city was suffering from an average 40% decrease in property values, and we were approximately two years away from bankruptcy due to a decade of extreme revenue losses. Employee layoffs and early retirements were unavoidable and severely stressed our ability to sustain city services. The City's aging and rusty 1930's era iron pipe had had corrosion problems for several decades. Water main breaks were frequent and very costly, with over 200 main breaks in 10 years, leading to service interruptions. Our iron pipe lines were so brittle and corroded that we had to reduce the water pressure to avoid breaks. We allowed leaking iron pipes to remain in the ground throughout the city without fixing them, because the lost water costs were less expensive than replacement with ductile iron, the water pipe material required by the County. Water quality complaints were on the rise, with some residents experiencing dirty, rusty, discolored, 'off-tasting' water.

Early on, we realized that it was cost prohibitive to replace the enormous amount of failing water lines with only ductile iron. We had to leverage what little revenue we had to bond, draw down grants and loans, and we had to be open to alternative materials. It took us nearly two years to change county regulations which had prohibited the use of alternative materials. For Burton, PVC was clearly the better choice. It is safe, can stand up to our region's soil and climate conditions, and has a conservative life expectancy of at least 100 years. The use of PVC allowed Burton to increase water pressure to residents by an average of 25 pounds, further improving the quality of life and increasing fire-fighting safety. Also, because of our ability to consider and choose alternative materials, we are saving \$2 million dollars through the five year, five-phase project.

Equal Opportunity Employer Michigan Municipal League Member



I am proud to say that the City of Burton's drinking water project was awarded the "2015 Innovation in Infrastructure and Technology Award" from the Genesee County Metropolitan Planning Commission. We were also invited to present at Fall 2016 Michigan Municipal League Convention (attached please find our **MML** presentation, "The Little City That Could"). But no external validation is as gratifying as knowing that Burton residents and businesses have access to clean and safe drinking water every time they turn on the faucet.

In closing, I believe that local governments no longer have the luxury of single material construction bids, especially when seeking grants and loans. The US Conference of Mayors has reported on this issue and the need for more open competition in the selection of water and sewer piping in the municipal sector. I believe Burton should be commended for ensuring that project bid specifications were written in such a way that fostered competition not only between manufacturers of the same materials, but also between manufacturers of different materials. Under a state "Open Procurement Policy" such as that proposed in HB 5723, we would not have needed to spend almost 2 years confronting outdated information and specifications before we could even consider any piping material other than ductile iron.

For these reasons, I urge you and members of the House Michigan Competitiveness Committee to support HB 5723. Thank you for your consideration of my views. Please do not hesitate to contact me with any questions or concerns.

Sincerely,



Mayor Paula Zelenko
City of Burton

Encl.

Copy, Members, House Michigan Competitiveness Committee:
Jim Lilly (R) Majority Vice-Chair, 89th District
Triston Cole (R) 105th District
Hank Vaupel (R) 47th District
Daire Rendon (R) 103rd District
Jason Wentworth (R) 97th District
Erika Geiss (D) Minority Vice-Chair, 12th District
Abdullah Hammoud (D) 15th District
Tenisha Yancey (D) 1st District

The Little City That Could

Dima El-Gamal, PHD, PE, LEEP-AP, Senior Associate, Stantec

Dave Marshke, Utilities Superintendent, City of Burton

Paula Zelenko, Mayor, City of Burton

2016
CONVENTION

September 14-15

JOIN THE
CONVERSATION

Grand Hotel
MACKINAC
ISLAND



Michigan Municipal League 2016 Convention

THE LITTLE CITY THAT COULD

Burton, Michigan

Paula Zelenko, Mayor

Dave Marshke, Utilities Superintendent

Dima El-Gamal, PhD, PE, LEED-AP Stantec Consulting

September 15, 2016



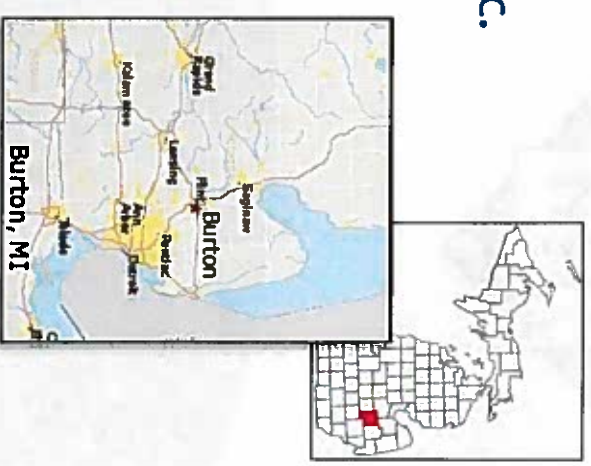
City of
Burton, Michigan



Burton, Flint's Neighbor

Background and Overview

- * Second largest City in Genesee County
- * 23.5 square miles
- * 29,999 population
- * Declining state shared revenues for over a decade: road funding etc.
- * Extreme weather patterns impairing crumbling infrastructure
- * Unemployment: General Motors, housing crash
- * 40%+ loss in property values = loss of property tax revenue
- * Cuts to employees, layoffs, early retirements, & unfunded pension liabilities
- * Struggling City services due to understaffing: police, fire, roads, sewers, & water



Bad Economy + Bad Infrastructure =

- * Home owners losing homes
- * Vacant homes bring blight
- * Blight drives down property values
- * Crime increases: scrappers, vandals, & robberies
- * Businesses closing, more empty buildings, more blight, crime increases



*** Jobs. New business. Safe community. Good infrastructure.**

Where to start?

- * Bring police numbers back up to 36 officers or more; 6.5 Millage
- * Road deterioration
- * Water infrastructure unstable (frequent breaks /aging system)
- * Sanitary collection system not dependable (1 & 1), back ups, and aging lift stations
- * Storm drains nonfunctional



Start Small
THINK BIG

Water System Infrastructure

- * MDEQ - not be able to meet certification in the next 2-3 years.
- * 90 + year old cast and ductile iron system
- * Frequent water main breaks: 200+ main breaks in 10 years
- * Service interruptions
- * Water quality complaints on the rise: dirty, rusty, discoloration, & taste
- * Tuberculation and corrosion compromising heavy metal protection

Existing Water System



WTF :?! Where's The Funding :?!

- * Stantec Consulting – Time to implement our 2009 CIP
- * Loans, grants, bonds, & alternative materials combined with other area projects
- * Water and Waste Advisory Board / Alternative Materials Sub-Committee
- * Research, debates, & presentations
- * Outdated information and misinformation
- * Responsibility and duty to get the biggest bang for the taxpayer buck
- * Unanimous decision by the Water and Waste Advisory Board
- * The changing of the specification is not without compromise



Burton, Michigan 2016; Flint's Neighbor

- * Water infrastructure in progress (13 miles, 200 new hydrant, rehab Water Tower)
- * Sanitary infrastructure in progress (cleaned & TV 77 miles, 2 mile of sewer rehab and replacement, 6 lift stations by 2016)
- * Roadway construction in progress (6.3 miles major roads)
- * Blight elimination in progress (123 demo permits, 127 clean ups)
- * Tax reverted properties (4 subdivisions sold to developers; 1 built out 2016)
- * 160 new businesses
- * 63 new homes
- * 40 police officers
- * **BONUS**-----As a disadvantaged community, we have received \$1.5 M in principle forgiveness on our DWRF Loan.
- * Still a delicate balance but our economy is recovering and open procurement was one of the keys.

Current Status

* Water System Improvements

- ☐ Phases 1 and 2 complete
- ☐ Phase 3 under construction
- ☐ Phase 4 under design
- ☐ Phase 4 Construction in 2017
- ☐ Phase 5 on track for completion in 2019

* Sanitary System Improvements

- ☐ Asset Management In progress
- ☐ I & I Investigation in Progress
- ☐ Pump stations under construction (final stages)
- ☐ Sewer Rehab/upgrade under construction
- ☐ On track for completion in 2017

Burton Water System – A Closer Look

- * 90yr old cast/ductile iron system
- * Inability to deliver required pressures in some areas during high demand events (tuberculation in iron pipes)
- * 200+ water main breaks (10yrs)
 - direct impact on O&M budget
- * Water quality issues/complaints on the rise
- * Unreliable system



Breaks... Breaks...and more Breaks











Goals: Improve Level of Service

- * Replacement of 95+ percent of Tower District area
- * Improved water quality/pressures/demand
- * System reliability
- * Lower long term operating costs
- * Most importantly – consumer confidence of system

Scope and Cost

- * Five (5) phase over \$20 million project
- * Replacement of approximately 100,000 ft. (19 miles) of distribution system (mostly 6” and 8” existing watermain)
- * Replacement of two (2) outdated Pressure Reducing Stations with SCADA upgrades

Challenges: Income Demographics



Challenges: Rates

Great Lakes Water Authority (formerly DWSD)



City of Flint



Genesee County Water and Waste



City of Burton

- Each entity adds commodity charges to the receiving agency

THINK OUTSIDE THE BOX

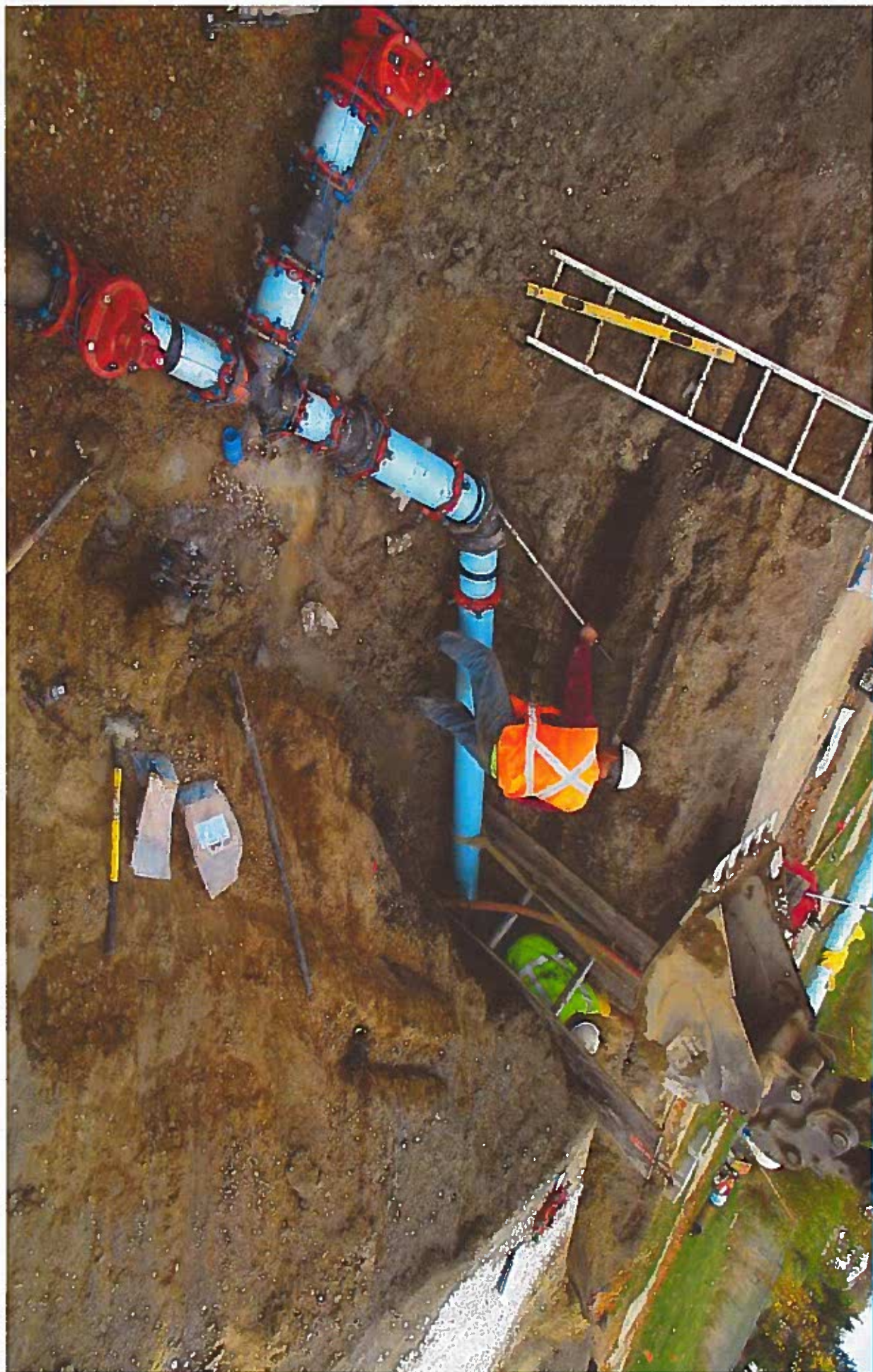
- ❑ Alternative Material
- ❑ Open Procurement
- ❑ Nonconventional Funding

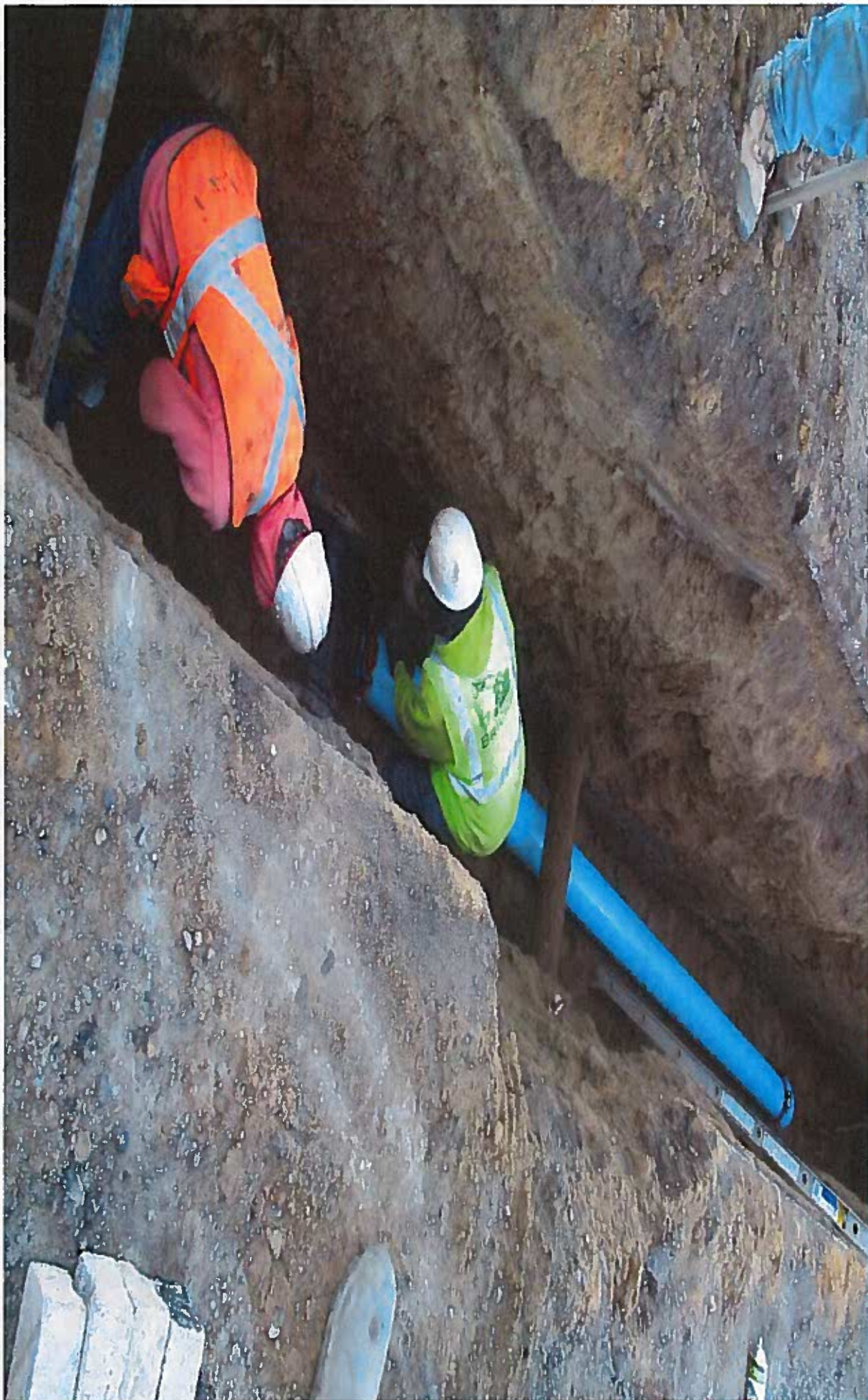


Alternative Material-Specifications & Technology

- * Specifying C-909 class PVC for all phases (DIP as Alternate)
 - Better product for Burton
 - It's the "Right Fit"
 - Saving ratepayers big \$\$
- * Updated city specifications
- * Required (by primacy agency) to "Isolate" PVC area via backflow devices
- * Required (by primacy agency) to use "Bell Stops" at every joint
- * Additional requirements to increase PVC installation costs vs. ductile iron







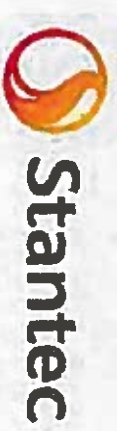
Open Procurement

- Phase 1= 26,300ft (\$651,000)
- Phase 2= 20,800ft (\$446,000)
- Phase 3= 14,500ft (\$289,000)
- Phase 4= 18,400ft (\$400,000)*
- Phase 5= 14,200ft (\$325,000)*

Total Savings Over \$2 million (approx.) *Estimates

Funding: Stantec at a Glance

- * Founded in 1954
- * 60 years of uninterrupted profitability:
Publicly traded on two stock exchanges
- * More than 400 locations
- * Approximately 22,000 employees



Stantec Ann Arbor Office At a Glance

- * Founded in 1923
- * Formerly Ayres, Lewis, Norris & May
- Our local strength, knowledge, and relationships, coupled with our world class expertise, have allowed us to meet our clients' needs in more creative and personalized ways.
- Our offices in Michigan are structured so that multiple disciplines can be offered as components to one project team working directly for the client, or as singular services.



Parks & Recreation



Field Services
(Survey/
Construction
Inspection)



Electrical
(SCADA)



Water/Wastewater



Asset Management



Roads &
Transportation



Water Resources



Funding
Loans/Grants

Proactive or Reactive

- *Review City's needs / wish list
- *Evaluate funding sources
- *Present a road map



Winning Team

*Elected officials

*DPW Staff

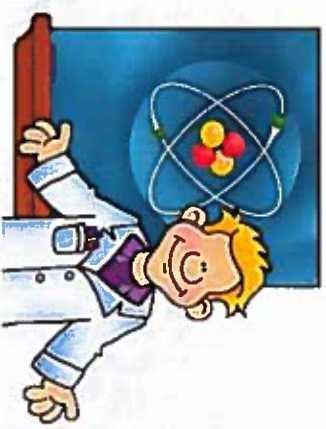
*Engineering Consultant

*Funding Agency



Project Funding: Rocket Science... Not really

- *Knowledge /Collaboration/Timing is KEY
- *Identify project need
- *Eligibility
- *Evaluate Alternatives
- *Compile Grant/Loan Packages
- *Milestones



Stantec Funding – Pen to Paper



***Over \$4 Million Grants/Principal Forgiveness**

*** ~ \$30 Million Low Interest Loans (total by 2019)**

	Loan Amount /Local Match	Grant/Principal Forgiveness
DWRF 1	\$6,000,000	\$32,000
DWRF 2	\$5,000,000	\$1,013,563
DWRF 3	\$4,700,000	\$500,000
SRF	\$7,625,000	N/A
S-2	\$60,000*	\$636,000
SAW	\$400,000*	\$2,000,000

*** Local Match**



Thank You
&
Questions?